

UNDER SECRETARY OF STATE
STUART EIZENSTAT DISCUSSES
RELATIONS WITH THE EURO-
PEAN UNION

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1999

Mr. LANTOS. Mr. Speaker, last week the Committee on International Relations held an excellent and timely hearing on the United States relationship with Europe and the European Union. This hearing was particularly timely as it was held on the eve of the G-7 Summit in Bonn, Germany, at which United States representatives, including our President, held critical discussions with our European allies and the European Union. This hearing was the first in a series of planned committee hearings on the transatlantic relationship and its importance to United States political, economic, and security interests.

Mr. Speaker, with total trade and investment between the United States and the European Union now in excess of \$1 trillion annually, the EU is already our largest single trading and investment partner. The EU is also the world's largest single market, and with the establishment of the new single European currency—the euro—this market will continue to be the most important market for American firms and the most important external market for the economic health of our nation.

While we tend to give greater attention to the economic and trade aspects of our relationship with the European Union, we must not ignore the growing importance of the political dimension of our relationship. The European Union is moving toward greater political involvement and it plays a key role in the coordination of member foreign policies. Mr. Speaker, the EU will play a critical role in the reconstruction of Southeastern Europe, it plays a vital role in encouraging the development of democratic political institutions, a civil society and a market economy in Central and Eastern Europe and in Russia. Furthermore, the EU has been a partner with us in encouraging political stability and economic prosperity in North Africa and the Middle East.

The principal administration witness at this important hearing of the Committee on International Relations, Mr. Speaker, was Under Secretary of State Stuart Eizenstat. He is the quintessential outstanding and extraordinary public servant in this city, who has demonstrated his commitment to the highest quality of public service in a variety of most important capacities as our ambassador to the European Union and in key sub-cabinet posts in three departments—the Department of Commerce, the Department of State, and now the President has nominated him to serve as Deputy Secretary of Treasury.

Mr. Speaker, I ask that a summary of the opening statement made by Secretary Eizenstat at our recent hearing be placed in the RECORD. This excellent statement reflects the best current American thinking about the issues of concern regarding the United States and our relationship with Europe and the European Union.

STATEMENT OF UNDER SECRETARY OF STATE
STUART EIZENSTAT TO THE COMMITTEE ON
INTERNATIONAL RELATIONS, JUNE 15, 1999

Mr. Chairman, I very much appreciate the statements that have been made by the

members of the Committee. It is an honor to be here with my good friend David Aaron, the Undersecretary for Trade at the Department of Commerce.

With the European Union, we share a commitment to the promotion of security, prosperity and democracy—not only in the Euro-Atlantic area but beyond it as well. It is no hyperbole to suggest that the relationship between the U.S. and the European Union may be the most important, influential and prosperous bilateral relationship of modern times. Two-way trade and investment flows are now some \$1 trillion annually, supporting more than 6 million jobs on both sides of the Atlantic. One in 12 industrial jobs in the United States is in a European owned factory, and European countries are the biggest foreign investors in 41 of our 50 U.S. states.

We have launched the Trans-Atlantic Economic Partnership, covering 10 broad areas to reduce existing trade barriers, improve regulatory cooperation, and establish a bilateral dialogue on multilateral trade issues in the WTO. We've agreed with the EU that the WTO should begin a new broad-based round of trade negotiations, following a structure that will yield results expeditiously in agriculture services and other areas. We've also agreed to seek permanent commitments by WTO members not to impose duties on electronic commerce transactions, an area where Secretary Aaron has had a particular impact.

REBUILDING SOUTHEASTERN EUROPE

There is no more vivid example of our common values and goals than the work we are doing with the EU right now in the post-conflict reconstruction of Southeastern Europe. As the confrontation in Kosovo comes to an end, together we have a big job before us. Our joint aim is to build a solid foundation for a new era of peace and stability, helping a region that has been one of the continent's most violent, become instead part of the European mainstream.

We forged a new stability pact for the region. And we believe that just as we have born the lion's share of the military expenditures, it is only right that the European Union bear the lion's share of the reconstruction. And this is something that they themselves have indicated they wish to do.

ENLARGEMENT OF THE EUROPEAN UNION

The 15 member EU is now about to undertake its largest enlargement ever. It will be one of the most important challenges facing Europe in the 21st Century. I would say to my dear friend, Congressman Lantos, that when he talks about great enterprises, this expansion will be a historic opportunity to further the peaceful integration of the continent, if it is done right.

The EU plans to spend, on its new members, between 2000 and 2006, the equivalent in 1999 dollars of what we spent on Western Europe through the Marshall plan. It will encourage cooperation, reinforce democracy, and reduce nationalistic and ethnic tensions. And if in the end it is successful, the European Union will be the largest single market in the world, with over 500 million citizens in an economy significantly larger than our own.

Thirteen countries have applied for EU membership so far. And the European Commission is in the middle of negotiations, with six of those 13, and another five are going through initial screening. The year 2003 is the likely earliest date for excision of the first wave of candidates, and frankly the balance of writs are for a later rather than an earlier date for enlargement.

Enlargement should be a net-plus for U.S. goods and services, to help the countries of Eastern and Central Europe. Nonetheless, we

will insure that our commercial and economic interests are not disadvantaged.

We are working both with the EU and its candidate states to prevent the erection of new barriers to trade as part of the enlargement process. The main problem concerns the interim period between now and ultimate excision. Because at excision, they will take the common external tariff of the European Union which is generally quite low. But in the interim, as tariff levels from EU products drop to zero in the candidate countries, they remain at higher levels for U.S. products to our disadvantage. We're working with the candidate countries to find suitable remedies. We're encouraging them to adopt the lower EU tariff schedules as soon as possible. Slovenia, for example, has begun to do this. The European Commission has agreed with our strategy, and excision candidates are beginning to respond.

Certainly we will be economic competitors, but with our combined strength together, we'll also be able to set a global agenda supporting democracy and open markets. We share, if I may say so, more values with Europe than we do with any other region.

Enlargement of the EU requires the candidate counties to conform their laws and practices to EU norms. It would almost be like saying that a new state coming into the United States has to conform of every page of the code of federal regulations. It is a mammoth job. It requires change not only in the candidate countries, but also on the part of the current member states as well.

COMMON AGRICULTURAL POLICY

The largest step is the reform of the Common Agricultural Policy, or the CAP. The EU has now agreed to put a ceiling on total expenditures over the next several years. But this cannot be done without reforming its agricultural subsidies.

Almost half of the EU's overall budget, over \$50 billion, is earmarked for agricultural subsidies. The European Commission's modest CAP reforms are inadequate to do the job. They will complicate the process of enlargement, and they do not go nearly far enough in terms of reducing the distorting effects of the CAP on the world trading system. Other countries, including developing countries will continue to be forced to pay for European farm inefficiencies by losing sales at home and in third markets.

THE AMSTERDAM TREATY/A COMMON FOREIGN POLICY

Historically, every enlargement of the EU has been preceded by a deepening of the level of internal cooperation. They are already slow in many cases to respond to a crisis. This will be further complicated when they expand to 21 members. With the advent of the Amsterdam Treaty on May 1, we're witnessing a dramatic shift in power. The European Parliament now has a greatly enhanced role in EU decision-making, and will enjoy equal say or co-decision with the council administrators on more than two-thirds of all EU legislation.

The Amsterdam Treaty will also result, Mr. Chairman and members of the committee, in major changes in ways the EU conducts its foreign policy. A new high representative for its common, foreign and security policy will give the EU greater visibility on the international scene. They have selected NATO Secretary General Javier Solana as the first High Representative for their common foreign and security policy. He has been an extraordinary Secretary General of NATO and we believe he will perform equally well at the EU and we look forward to working with him.

An EU with an effective foreign and security policy would be a power with shared values, and strong transatlantic ties with which

we could work globally to solve problems. The EU has also chosen former Italian Prime Minister Prodi as the next president of the European Commission. We have worked well with him before, and we have great confidence in him as well.

CURRENT TRADE ISSUES

We often let the immediacy of our current trade disputes blind us to the very real benefits that we both enjoy from access to each other's markets. But obviously there is a tough road ahead. And yet we can't allow our relationship to be defined solely by these disputes.

All too often, nevertheless, the EU takes actions, such as its unilateral hush kits regulation where Ambassador Aaron did such a fabulous job of at least temporarily diverting a problem. Or it's counterproductive response to the previous WTO panels on bananas and beef from exacerbating trade tensions. It's for that reason that we have suggested an early warning system to identify such problems before they burst into full-scale disputes.

We are indeed facing a tough set of trade disagreements, and we continue to hammer home the principle of fair and transparent trade rules: of the need for the EU to respect international commitments and WTO rulings, of abiding by scientific principles and not politics in making health, safety, and environmental decisions.

The need for a clear and rational trading principle may be greatest in the need of biotechnology. Within a few years, virtually 100 percent of our agricultural commodity exports will either be genetically modified organisms (GMO) or mixed with GMO products. And our trade in these products must be based on a framework based on fair and transparent procedures, which address safety on a scientific and not a political basis.

We, since 1994 approve some 20 GMO agricultural products. Since 1998, Europe has not approved any. There is no scientifically based governmental system to approve GMO products, therefore the European public is susceptible to ill-informed scare tactics. The EU approval process for GMOs is not transparent, not predictable, not based on scientific principles, and all too often susceptible to political interference.

We've been working to break this pattern of confrontation and indeed there are leaders in Europe who recognize that an EU regulatory system drawn up in accordance with its own international trade obligations would be a boon to both business and consumers. We have a new biotech-working group to address GMO issues.

The same can be said for beef hormones; where the European public is subjected to daily scare tactics which try to portray the hormone issue as a health and safety issue, when indeed there is broad scientific evidence that beef hormones are completely safe. There is no reason why American beef producers should pay the price for internal political calculations in Europe inconsistent with WTO principles.

To conclude, as we look toward the future, our goal is to work together to promote our goals of security, prosperity and democracy. Together we can accomplish more than either the U.S. or the EU can by acting alone.

WE MUST WORK TOGETHER WITH EUROPE

We want to work more effectively to deal with past breaking crises, to find ways of managing our disagreements before they get out of hand, and to expand areas of joint action and cooperation.

We are working on just that and the hopes that we can articulate a new vision at the June 21 U.S.-EU summit in Bonn through a new Bonn declaration. This would fit in with our larger goal of using 1999 for a series of

summits, NATO, OSCE and the U.S.-EU summit to strengthen the abiding European-Atlantic partnership which has been so important to maintain stability in Europe for the 20th Century, and to make sure it does the same for the 21st.

INTRODUCTION OF LEGISLATION TO IMPROVE MEDICARE'S SURETY BOND PROGRAM

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1999

Mr. STARK. Mr. Speaker, on behalf of Congresswoman THURMAN and myself, I am today introducing legislation based on recommendations of the U.S. General Accounting Office to improve the operation of the Medicare home health agency, durable medical equipment, and certain rehabilitation providers' surety bond program.

Enacted as part of the 1997 Balanced Budget Act, the surety bond program was one of a series of anti-fraud, waste, and abuse provisions designed to crack down on the outrageous proliferation and increased utilization of questionable Medicare providers.

The General Accounting Office issued a report in January, 1999 (GAO/HEHS-99-03) entitled, "Medicare Home Health Agencies: Role of Surety Bonds in Increasing Scrutiny and Reducing Overpayments." The report focuses on problems in the surety bond provisions and makes a number of recommendations. Our bill addresses most of those recommendations.

While the BBA has had a huge impact in controlling the growth of spending and weeding out questionable and fraudulent providers, the surety bond program has had severe administrative problems. It needs simplification and needs to be focused on the start-up providers who have no track record and who may be the source of program abuse. Once a provider has proven that they are a reliable and dependable provider, continuing to require a surety bond just increases program costs. Our bill, therefore requires one surety bond for Medicare and Medicaid (not a separate bond for each program) for the two years of a provider's operations, and limits the size of the bond to \$50,000 (not the larger of \$50,000 or 15% of an agency's Medicare revenues) and makes it clear that orthotic and prosthetic providers including angioplastologists, are not meant to be covered by the surety bond requirement.

Mr. Speaker, we hope that this legislation can be enacted. It will reduce hassle and paperwork, while still helping weed out questionable home health and DME providers from starting in the Medicare program.

THE SAFE MOTHERHOOD MONITORING AND PREVENTION RESEARCH ACT OF 1999

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1999

Mrs. EMERSON. Mr. Speaker, let me tell you about my district. I represent 26 rural

counties in Southern Missouri. These counties are home to some of the most poverty stricken communities in the State. Most of them lack even basic health care services. And many lack decent roads and reliable phone service. Many people in these communities find themselves isolated from their extended family, their friends and their neighbors.

When I was starting my family more than 20 years ago, I was lucky to have my mother, my sister and my mother-in-law to help me through my pregnancies. I was lucky to be able to afford health insurance that covered prenatal care. I was lucky to have access to quality health care in Cape Girardeau. But many American women aren't so fortunate. And they fall through the cracks of our health system.

Many young mothers-to-be in my rural district are isolated from family and friends—and they live miles away from nurses and doctors. This isolation often prevents them from getting prenatal care and adds to the fears and uncertainties that come along with being a new or expectant mother.

Fortunately for some of the young women in rural Missouri, there are people like Sister Rita and Sister Ann looking out for them. Ten years ago, Sister Rita—a parish nurse and midwife serving in Missouri's poor "Lead Belt" and Ozark counties—quickly realized that many of the young women there weren't prepared for healthy pregnancies and births or for caring for their infants. So Sister Rita began to network and build relationships in her community. She branched out and worked with the St. Louis University Medical Center and with State and federal health programs. And she established the "Whole Kids Outreach" in Ellington, Missouri.

Sister Ann is now carrying on the incredible work started by Sister Rita. The Whole Kids Outreach program has grown to include a Resource Mothers Program—a program that educates women about healthy pregnancies and childbirth, promotes access to care, and provides home care visits. The most amazing thing about this program is that it is staffed by experienced moms from the community who are trained as childbirth educators. And these local moms help establish circles of support for expectant and new moms.

It's with great admiration that I mention the Whole Kids Outreach program, because despite its modest size, it has been of tremendous help to many mothers and infants in rural Missouri. The young women in rural Missouri are not alone. Women throughout our nation face great challenges in securing healthy pregnancies and healthy children.

Consider the following: At the turn of this century more American women died in childbirth than from any other cause except for tuberculosis. At the close of this century, after all of the medical advances made in this country, it's easy to assume that today pregnancy and childbirth are safer for American women and their babies.

But this is a false assumption.

The recently released CDC report makes it painfully clear that the promise of safe motherhood is eluding too many women. In fact, during the past 15 years alone, total maternal deaths have not declined one bit in our nation. Just think of it. Today, tuberculosis claims about one American life out of 1,000 a year. But 2-3 women out of 10,000 lose their lives each day due to pregnancy-related conditions.